

Solution spotlight | KPI frameworks for AML/CFT/CPF risk

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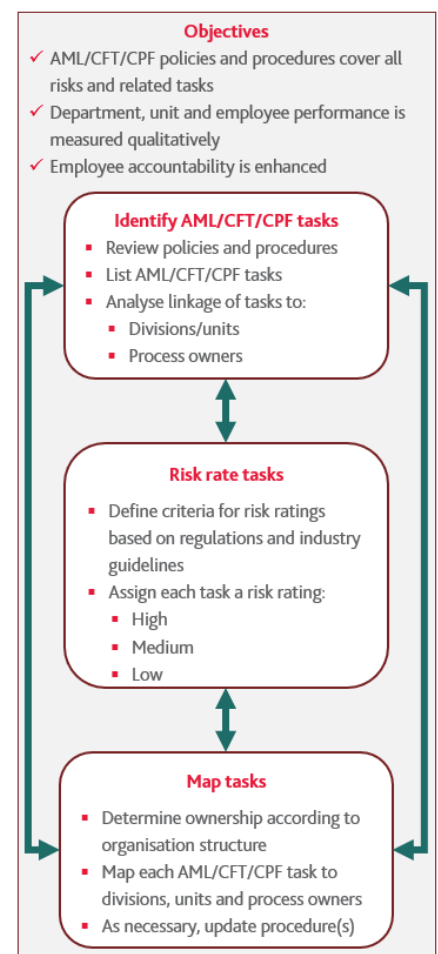
Leading practice in developing and implementing anti-money laundering (AML)/countering the financing of terrorism (CFT)/countering proliferation financing (CPF) frameworks for financial institutions (FIs) is to assign each staff member, unit and department specific AML/CFT/CPF responsibilities - and to link those KPIs with annual performance evaluations and remuneration.

Leading practice and CBB expectations

The Central Bank of Bahrain (CBB) expects:

- Tasks, KPIs and measurement are defined criteria for each department, unit and individual
- KPIs are mapped to AML/CFT/CPF procedures and monitoring processes
- Tasks are risk-rated and KPIs assigned to individual process owners
- Tools are defined to measure performance
- Weightage is assigned to AML/CFT/CPF KPIs when evaluating individual and group performance
- Job descriptions of relevant persons include AML/CFT/CPF KPIs
- Employees are not incentivised for exposing organisations to increased AML/CFT/CPF risk
- Responsibilities are appropriately attributed for compliance breaches and deficiencies
- Both quantitative measures and human judgement are used to determine remuneration and bonuses – which are linked to AML/CFT/CPF compliance
- Performance reviews are based on multiple factors including internal and external reports and compliance, MLRO and regulatory reviews
- KPI frameworks are included in AML/CFT/CPF policies and procedures
- Matrices of tasks, KPIs and performance reviews are maintained
- AML/CFT/CPF KPI matrices are approved by senior management and boards

Implications for FIs



Contact us:



Mohammed Ashraf
Executive Director
+973 1720 6840
mohammed.ashraf@keypoint.com



Dr. Mukund Ballal
Advisor
Financial regulatory compliance
+973 1720 6813
mukund.ballal@keypoint.com



Ahmed Ayyad
Executive Manager
Financial regulatory compliance
+973 1720 6823
ahmed.ayyad@keypoint.com

How can Keypoint help?

Keypoint's financial regulatory compliance (FRC) professionals have extensive experience in the financial crime, compliance, AML/CFT/CPF and risk management fields. Our team use their deep insight to develop practical approaches that help clients to comply with regulatory obligations while creating value by providing efficient and cost-effective solutions. For more information on our FRC team, please contact us.